

INTERTAPE POLYMER GROUP INC  
Form 6-K  
May 08, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of March, 2008

Commission File Number 1-10928

INTERTAPE POLYMER GROUP INC.

9999 Cavendish Blvd., Suite 200, Ville St. Laurent, Quebec, Canada, H4M 2X5

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:  
Form 20-F \_\_\_\_\_ Form 40-F  X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes \_\_\_\_\_ No     X    

If Yes is marked, indicate below the file number assigned to the registrant in connection with

Rule 12g3-2(b): 82-\_\_\_\_\_

The Information contained in this Report is incorporated by reference into Registration Statement No. 333-109944

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERTAPE POLYMER GROUP INC.

Date: March 28, 2008

By: /s/ Victor DiTommaso

Victor DiTommaso, Chief Financial Officer

**LOAN AND SECURITY AGREEMENT**

Dated March 28, 2008

\$200,000,000.00

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**INTERTAPE POLYMER CORP.,**

**IPG (US) HOLDINGS INC. and**

**IPG (US) INC.**

as U.S. Borrowers

**INTERTAPE POLYMER INC.**

as Canadian Borrower

and certain Subsidiaries of U.S. Borrowers and Canadian Borrower

party hereto from time to time as Guarantors

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**CERTAIN FINANCIAL INSTITUTIONS,**

as Lenders

**BANK OF AMERICA, N.A.,**

as Agent

**JPMORGAN CHASE BANK, N.A. and**

**WACHOVIA BANK, NATIONAL ASSOCIATION,**

as Co-Documentation Agents

**and**

**BANC OF AMERICA SECURITIES LLC,**

as Sole Lead Arranger and Book Manager

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## **LOAN AND SECURITY AGREEMENT**

**THIS LOAN AND SECURITY AGREEMENT** is dated March 28, 2008, among **INTERTAPE POLYMER CORP.**, a Delaware corporation ("Intertape Polymer Corp."), **IPG (US) HOLDINGS INC.** a Delaware corporation ("IPG (US) Holdings"), and **IPG (US) INC.**, a Delaware corporation ("IPG (US) Inc."), and together with Intertape Polymer Corp. and IPG (US) Holdings, collectively, "U.S. Borrowers" and each a "U.S. Borrower", **INTERTAPE POLYMER INC.**, a corporation organized under the Canada Business Corporations Act ("Canadian Borrower") and the Guarantors party hereto from time to time, the financial institutions party to this Agreement from time to time as lenders (collectively, "Lenders"), **JPMORGAN CHASE BANK, N.A.**, a national banking association and **WACHOVIA BANK, NATIONAL ASSOCIATION**, a national banking association, as co-documentation agents (collectively, the "Co-Documentation Agents") and **BANK OF AMERICA, N.A.**, a national banking association, in its capacity as collateral agent and administrative agent (together with its successors in such capacity, "Agent").

### **RECITALS:**

Borrowers have requested that Lenders provide a credit facility to Borrowers to finance their mutual and collective business enterprise. Lenders are willing to provide the credit facility on the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, for valuable consideration hereby acknowledged, the parties agree as follows:

## **SECTION 1.**

### **DEFINITIONS; RULES OF CONSTRUCTION**

#### **1.1**

##### **Definitions**

. As used herein, the following terms have the meanings set forth below:

Acceptable BOL: with respect to In-Transit Inventory, a tangible, negotiable bill of lading that (i) is issued either by a common carrier which is not an Affiliate of the applicable vendor or a Borrower and which is in actual possession of such Inventory or by an Eligible NVOCC, (ii) covers only such In-Transit Inventory, (iii) is issued to the order of a Borrower or, if so requested by Agent in its discretion, to the order of Agent, (iv) names Agent as a notify party and bears a conspicuous notation on its face of Agent's security interest therein (unless such bill of lading is issued to the order of Agent), (v) is subject to Agent's duly perfected, first priority security interest and no other Lien that is not a Permitted Lien, and (vi) is otherwise in form and content acceptable to Agent.

Account: as defined in the UCC (or, with respect to any Accounts of a Canadian Obligor, as defined in the PPSA), including all rights to payment for goods sold or leased, or for services rendered.

Account Debtor: a Person who is obligated under an Account, Chattel Paper or General Intangible.

Accounts Formula Amount: on any date of determination, 85% of the Value of Eligible Accounts on such date of determination.

Advisory Services Payments: the performance fees to be paid to Mel Yull, Andrew Archibald and Eric Baker pursuant to advisory services agreements between certain Obligors and Sammana Group, Inc., Archibald Global Enterprises, Inc. and Altacap Inc., each as amended or replaced from time to time, to the extent paid in cash, and which, as of the Closing Date, are payable on or about July 1, 2010 based upon the then-current market price of Parent's common stock on the Toronto Stock Exchange.

Affiliate: with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

Agent: Bank of America in its capacity as administrative agent for Lenders, and in its capacity as collateral agent for the Secured Parties under the Security Documents to which it is a party, together with any successor in that capacity appointed pursuant to **Section 12.8**.

Agent Indemnitees: Agent, Co-Documentation Agents and their respective officers, directors, employees, Affiliates, agents and attorneys.

Agent Professionals: attorneys, accountants, appraisers, auditors, business valuation experts, environmental engineers or consultants, turnaround consultants, and other professionals and experts retained by Agent.

Allocable Amount: as defined in **Section 5.11.3**.

Anti-Terrorism Laws: any laws relating to terrorism or money laundering, including the PATRIOT Act and the Proceeds of Crime Act.

Applicable Law: all laws, rules, regulations and governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders and decrees of Governmental Authorities.

Applicable Lenders: with respect to a Borrower Group, the Lenders having Borrower Group Commitments to Borrowers within such Borrower Group.

Applicable Margin: with respect to U.S. Base Rate Loans, Canadian Base Rate Loans, LIBOR Loans, Canadian BA Rate Loans, Canadian Prime Rate Loans and all other Obligations, the rates set forth below based upon the calculation of Average Availability for the period described below:

[Remainder of page intentionally left blank]

Level:	If Average Availability is:	Then the applicable margin for LIBOR LOANS and CANADIAN BA RATE LOANS will be:	then the applicable margin for U.S. BASE RATE LOANS, CANADIAN BASE RATE LOANS and CANADIAN PRIME RATE LOANS will be:
I	Less than or equal to \$20 million	2.25%	0.75%
II	Greater than \$20 million but less than or equal to \$50 million	2.00%	0.50%
III	Greater than \$50 million but less than or equal to \$100 million	1.75%	0.25%
IV	Greater than \$100 million	1.50%	0%

Until September 30, 2008, the Applicable Margin set forth in Level III above shall apply. Thereafter, the Applicable Margin shall be adjusted (whether upward or downward) quarterly, on the third Business Day of each Fiscal Quarter, commencing on October 3, 2008 based upon Average Availability for the immediately preceding Fiscal Quarter. If any Event of Default exists at the time any reduction in the Applicable Margins is to be implemented, no reduction may occur until the fifth Business Day after the date on which such Event of Default is waived in writing by Agent.

If Agent is unable to determine Average Availability due to Borrowers' failure to deliver an updated Borrowing Base Certificate as required by this Agreement, then Agent may elect to have the Applicable Margin determined based upon Level I of the above grid or may elect to assess the Default Rate.

Applicable Period: as defined in **Section 3.1.1(e)**.

Applicable Swingline Lenders: Bank of America with respect to Swingline Loans made to U.S. Borrowers, and Bank of America, N.A. (acting through its Canada branch) with respect to Swingline Loans made to Canadian Borrower.

Applicable Unused Line Fee Margin: with respect to any period, (a) 0.25%, if the average daily outstanding principal amount of Revolver Loans and the average daily undrawn face amount of outstanding Letters of Credit during such period is equal to or greater than 50% of the amount of the Commitments or (b) 0.375%, otherwise.

Approved Fund: any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in its ordinary course of activities, and is administered or managed by a Lender, an entity that administers or manages a Lender, or an Affiliate of either.

Asset Disposition: a sale, lease, license, consignment, transfer or other disposition of Property of an Obligor, including a disposition of Property in connection with a sale-leaseback transaction or synthetic lease.





**Assignment and Acceptance:** an assignment agreement between a Lender and Eligible Assignee, in the form of **Exhibit B**.

**Availability:** as of any date of determination, the Borrowing Base on such date of determination minus the principal balance of all U.S. Revolver Loans on such date of determination minus the principal balance of all Canadian Revolver Loans on such date of determination.

**Availability Reserve:** the sum (without duplication) of (a) the Inventory Reserve; (b) the Rent and Charges Reserve; (c) the LC Reserve; (d) the Bank Product Reserve; (e) the Dilution Reserve; (f) all accrued Royalties, whether or not then due and payable by a Borrower or a Canadian Obligor; (g) the aggregate amount of liabilities secured by Liens upon Collateral that are senior to Agent's Liens (but imposition of any such reserve shall not waive an Event of Default arising therefrom); (h) the Canadian Priority Payables Reserve; (i) the Specified Reserve; (j) a reserve for freight and duty costs in connection with Eligible In-Transit Inventory; and (k) such additional reserves, in such amounts and with respect to such matters, as Agent in its Credit Judgment may elect to impose from time to time.

**Average Availability:** for any period, an amount equal to the sum of the actual amount of Availability on each calendar day during such period, as determined by Agent, divided by the number of calendar days in such period.

**Bank of America:** Bank of America, N.A., a national banking association, and its successors and assigns.

**Bank of America Indemnities:** Bank of America and its officers, directors, employees, Affiliates, agents and attorneys.

**Bank Product:** any of the following products, services or facilities extended to any Obligor or Subsidiary by Bank of America or any of its Affiliates or by any Lender or any of its Affiliates: (a) Cash Management Services; (b) products under Hedging Agreements; (c) commercial credit card and merchant card services; and (d) leases and other banking products or services as may be requested by any Obligor or Subsidiary, other than Letters of Credit; provided, however, that for any of the foregoing to be included as an "Obligation" for purposes of a distribution under **Section 5.6.1**, the applicable Secured Party and Borrower Agent or the applicable Obligor must have previously provided written notice to Agent of (i) the existence of such Bank Product, (ii) the maximum dollar amount of obligations arising thereunder to be included (if any), as determined by Agent in its reasonable discretion, as a Bank Product Reserve ("**Bank Product Amount**"), and (iii) the methodology to be used by such parties in determining the Bank Product Debt owing from time to time; provided, however, that no such notice from any Obligor shall be required with respect to any Bank Products provided by Bank of America or its affiliates. The Bank Product Amount may be changed from time to time by Agent (with respect to Bank Products provided by Bank of America or its Affiliates) or upon written notice to Agent by any other Secured Party and Obligor (with respect to Bank Products provided by such Secured Party). No additional Bank Product Amount may be established or increased at any time that a Default or Event of Default exists, or if a reserve in such amount would cause an Overadvance.

**Bank Product Amount:** as defined in the definition of Bank Product.

**Bank Product Debt:** Debt and other obligations of an Obligor relating to Bank Products.

**Bank Product Reserve:** the aggregate amount of reserves established by Agent from time to time in its reasonable discretion in respect of Bank Product Debt. In no event shall Agent have any obligation to establish any Bank Product Reserve.



Bankruptcy Code: Title 11 of the United States Code.

Board of Governors: the Board of Governors of the Federal Reserve System.

Borrowed Money: with respect to any Obligor, without duplication, its (a) Debt that (i) arises from the lending of money by any Person to such Obligor, (ii) is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments, (iii) accrues interest or is a type upon which interest charges are customarily paid (excluding trade payables owing in the Ordinary Course of Business), or (iv) was issued or assumed as full or partial payment for Property; (b) Capital Leases; (c) reimbursement obligations with respect to letters of credit; and (d) guaranties of any Debt of the foregoing types owing by another Person.

Borrower Agent: as defined in **Section 4.4**.

Borrower Group: a group consisting of (i) U.S. Borrowers and each other U.S. Obligor; or (ii) Canadian Borrower and each other Canadian Obligor.

Borrower Group Commitment: with respect to the commitment of a U.S. Lender, its U.S. Revolver Commitment and, with respect to a Canadian Lender, its Canadian Revolver Commitment; and the term "Borrower Group Commitments" means, collectively, the Borrower Group Commitments of U.S. Lenders and the Borrower Group Commitments of Canadian Lenders.

Borrower Group Obligations: with respect to any Obligor, the portion of the Obligations owed by such Obligor and such Obligor's Borrower Group.

Borrowers: U.S. Borrowers and Canadian Borrower.

Borrowing: a group of Loans of one Type that are made on the same day or are converted into Loans of one Type on the same day.

Borrowing Base: on any date of determination, an amount equal to the lesser of (a) the amount permitted under Section 4.09(b)(1) of the Indenture and (b) the sum of:

- (i)  
the Accounts Formula Amount on such date of determination, plus
- (ii)  
the Equipment Formula Amount on such date of determination minus the Equipment Amortization Amount, plus
- (iii)  
the Inventory Formula Amount on such date of determination, plus
- (iv)

subject to the proviso set forth in the definition of Post-Closing Equipment Formula Amount, the Post-Closing Equipment Formula Amount on such date of determination minus the Post-Closing Equipment Amortization Amount, minus,

(v)

the Availability Reserve on such date of determination.

If any amount in this definition is stated in a currency other than Dollars on any date, then such amount on such date shall be equal to the Dollar Equivalent of such amount in such other currency.

Borrowing Base Certificate: a certificate, in form and substance satisfactory to Agent, by which Borrowers and Canadian Guarantors certify calculation of the Borrowing Base.

**Business Day**: any day excluding Saturday, Sunday and any other day that is a legal holiday under the laws of the State of North Carolina or the State of New York or is a day on which banking institutions located in such state are closed; and when used with reference to (i) a LIBOR Loan, the term shall also exclude any day on which banks are not open for the transaction of banking business in London, United Kingdom and (ii) a Canadian Revolver Loan, shall also exclude a day on which banks in Toronto, Ontario, Canada are not open for the transaction of banking business.

**Canadian Availability**: on any date of determination, the remainder of (a) the lesser of (i) the Canadian Revolver Commitments on such date of determination and (ii) the Borrowing Base on such date of determination minus the principal balance of all U.S. Revolver Loans on such date of determination, minus (b) the principal balance of all Canadian Revolver Loans on such date of determination.

**Canadian BA Rate**: with respect to each Interest Period for a Canadian BA Rate Loan, the rate of interest per annum equal to the **average rate** applicable to Canadian Dollar Bankers' Acceptances having an identical or comparable term as the proposed Canadian BA Rate Loan displayed and identified as such on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuter Monitor Money Rates Service as at approximately 10:00 a.m. Toronto time on such day (or, if such day is not a Business Day, as of 10:00 a.m. Toronto time on the immediately preceding Business Day), plus five (5) basis points, provided that if such rate does not appear on the CDOR Page at such time on such date, the rate for such date will be the annual discount rate (rounded upward to the nearest whole multiple of 1/100 of 1%) as of 10:00 a.m. Eastern time on such day at which a Canadian chartered bank listed on Schedule 1 of the *Bank Act* (Canada) as selected by Agent is then offering to purchase Canadian Dollar Bankers' Acceptances accepted by it having such specified term (or a term as closely as possible comparable to such specified term), plus five (5) basis points.

**Canadian BA Rate Loan**: a Canadian Revolver Loan, or portion thereof, funded in Canadian Dollars and bearing interest calculated by reference to the Canadian BA Rate.

**Canadian Base Rate**: means, for any day, the rate of interest in effect for such day as publicly announced from time to time by Bank of America, N.A. (acting through its Canada branch) in Toronto, Ontario as its "base rate" (the "base rate" being a rate set by Bank of America (acting through its Canada branch) based on various factors including costs and desired return of the Bank of America, N.A. (acting through its Canada branch), general economic conditions and other factors, and used as a reference point for pricing loans in Dollars made at its "base rate", which may be priced at, above or below such announced rate.) Any change in the "base rate" announced by Bank of America, N.A. (acting through its Canada branch) shall take effect at the opening of business on the day specified in the public announcement of such change. Each interest rate based upon the Canadian Base Rate shall be adjusted simultaneously with any change in the "base rate". In the event that Bank of America, N.A. (acting through its Canada branch) (including any successor or assignee) does not at any time publicly announce a "base rate", then "Canadian Base Rate" shall mean the "base rate" publicly announced by a Schedule 1 chartered bank in Canada selected by Agent.

**Canadian Base Rate Loan**: a Canadian Revolver Loan, or portion thereof, funded in Dollars and bearing interest calculated by reference to the Canadian Base Rate.

**Canadian Benefit Plans**: all employee benefit plans, programs or arrangements of any nature or kind whatsoever that are not Canadian Pension Plans and are maintained or contributed to by, or to which there is or may be an obligation to contribute by, any Obligor or its Subsidiaries in respect of their employees or former employees in Canada.

Canadian Borrower: as defined in the preamble hereto.

Canadian Dollar Equivalent: on any date of determination, with respect to an amount denominated in Canadian Dollars, such amount of Canadian Dollars, and with respect to an amount denominated in a currency other than Canadian Dollars, the amount of Canadian Dollars (as conclusively ascertained by Agent absent manifest error) which could be purchased by Agent with that amount of such other currency at the spot rate of exchange quoted by Agent in the applicable foreign exchange market on the date of determination for the purchase of Canadian Dollars with such currency.

Canadian Dollars or Cdn\$: the lawful currency of Canada.

Canadian Guarantor: Intertape Polymer Group Inc. and each Canadian Subsidiary of Canadian Borrower or Intertape Polymer Group Inc. that executes a Guaranty or Guaranties of the Obligations.

Canadian Guaranty: each guaranty agreement at any time executed by a Canadian Guarantor in favor of Agent guaranteeing all or any portion of the Obligations.

Canadian Lenders: Bank of America, N.A. (acting through its Canada branch) and each other Lender that has issued a Canadian Revolver Commitment.

Canadian Obligations: on any date, the portion of the Obligations outstanding that are owing by Canadian Borrower or any other Canadian Obligor.

Canadian Obligor: Canadian Borrower or a Canadian Guarantor.

Canadian Pension Plan: a plan, program or arrangement which is required to be registered as a pension plan under any applicable pension benefits standards or statute or tax statute or regulation in Canada maintained or contributed to by, or to which there is or may be an obligation to contribute by, any Obligor in respect of its Canadian employees or former employees.

Canadian Prime Rate: on any date, the per annum rate of interest so designated from time to time by Bank of America (acting through its Canada branch) as its "prime rate" for commercial loans made by it in Canada in Canadian Dollars, such rate being a reference rate and not necessarily representing the lowest or best rate being charged to any customer. Any change in such rate announced by Bank of America (acting through its Canada branch) shall take effect at the opening of business on the day specified in the public announcement thereof.

Canadian Prime Rate Loan: a Canadian Revolver Loan, or portion thereof, funded in Canadian Dollars and bearing interest calculated by reference to the Canadian Prime Rate.

Canadian Priority Payables Reserve: on any date of determination for Canadian Obligors, a reserve established from time to time by Agent in its discretion in such amount as Agent may determine reflects the unpaid (when due) or un-remitted (when due) payroll tax deductions, unpaid (when due) pension plan contributions, employment insurance premiums, amounts deducted for vacation pay, workers' compensation and other unpaid (when due) or unremitted (when due) amounts by any Canadian Obligor which would give rise to a Lien with priority under Applicable Law over the Lien of Agent for the benefit of the Secured Parties.

Canadian Revolver Commitment: for any Canadian Lender, its obligation to make Canadian Revolver Loans up to the maximum principal amount shown on **Schedule 1.1**, or as hereafter determined pursuant to each Assignment and Acceptance to which it is a party, as such Canadian Revolver Commitment may be adjusted from time to time in



accordance with the provisions of **Sections 2.1.6, 2.1.9 or 11.2**. "Canadian Revolver Commitments" means the aggregate amount of such commitments of

all Canadian Lenders; provided, that in no event shall the aggregate amount of such Canadian Revolver Commitments exceed \$15,000,000.

Canadian Revolver Exposure: on any date, an amount equal to the sum of the Dollar Equivalent of the Canadian Revolver Loans outstanding on such date.

Canadian Revolver Loan: a Revolver Loan made by Canadian Lenders to Canadian Borrower pursuant to **Section 2.1.2**, which Revolver Loan shall, if denominated in Canadian Dollars, be either a Canadian BA Rate Loan or a Canadian Prime Rate Loan and, if denominated in Dollars, shall be either a Canadian Base Rate Loan or a LIBOR Loan, in each case as selected by Canadian Borrower.

Canadian Revolver Note: the promissory notes to be executed by Canadian Borrower on or about the Closing Date in favor of each Canadian Lender to evidence the Canadian Revolver Loans funded from time to time by such Canadian Lender (other than Swingline Loans), which shall be in the form of **Exhibit A-1** to this Agreement, together with any replacement or successor notes therefor.

Canadian Security Agreement: each general security agreement and each Deed of Movable Hypothec among any Canadian Obligor and Agent.

Canadian Subsidiary: a Subsidiary of an Obligor organized under the laws of Canada or any province or territory thereof.

Capital Expenditures: all liabilities incurred, expenditures made or payments due (whether or not made) by an Obligor or Subsidiary for the acquisition of any fixed assets, or any improvements, replacements, substitutions or additions thereto with a useful life of more than one year.

Capital Lease: any lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

Cash Collateral: cash, and any interest or other income earned thereon, that is delivered to Agent in accordance with this Agreement by a Borrower Group to Cash Collateralize any Obligations.

Cash Collateral Account: a demand deposit, money market or other account established by Agent at Bank of America or such other financial institution as Agent may select in its reasonable discretion, which account shall be subject to Agent's Liens for the benefit of Secured Parties.

Cash Collateralize: the delivery of cash to Agent, as security for the payment of Obligations, in an amount equal to (a) with respect to LC Obligations, 105% of the aggregate LC Obligations, and (b) with respect to any inchoate, contingent or other Obligations (including Obligations arising under Bank Products), Agent's good faith estimate of the amount due or to become due, including all fees and other amounts relating to such Obligations. "Cash Collateralization" has a correlative meaning.

Cash Equivalents: (a) marketable obligations issued or unconditionally guaranteed by, and backed by the full faith and credit of, the United States or Canadian government, maturing within 12 months of the date of acquisition; (b) certificates of deposit, time deposits and bankers' acceptances maturing within 12 months of the date of acquisition, and overnight bank deposits, in each case which are issued by a commercial bank organized under the laws of the United States, Canada or any state or district of the United States or province or territory of Canada, rated A-1 (or better) by S&P or P-1 (or better) by Moody's at the time of acquisition, and (unless issued by a Lender) not

subject to offset rights; (c) repurchase obligations with a term of not more than 30 days for underlying investments of the types described in clauses (a) and (b) entered into with any bank meeting the qualifications specified in clause (b); (d) commercial paper rated A-1 (or better) by S&P or P-1 (or better) by Moody's, and maturing

within nine months of the date of acquisition; and (e) shares of any money market fund that has substantially all of its assets invested continuously in the types of investments referred to above, has net assets of at least \$500,000,000 and has the highest rating obtainable from either Moody's or S&P.

Cash Management Services: any services provided from time to time by Bank of America or any of its Affiliates or any Lender or any of its Affiliates to any Borrower or Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lockbox and stop payment services.

CERCLA: the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601 et seq.).

Change in Law: the occurrence, after the date hereof, of (a) the adoption or taking effect of any law, rule, regulation or treaty; (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority; or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority.

Change of Control: the occurrence of any of the following events:

(i)

any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of 50% or more of the total voting power of the Equity Interests of Parent (for the purpose of this clause (i), a Person shall be deemed to beneficially own the Equity Interests of a company that is beneficially owned (as defined above) by another company (a "parent company") if such Person beneficially owns (as defined above) at least 50% of the aggregate voting power of all classes of Equity Interests of such parent company);

(ii)

during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of Parent (together with any new directors whose election by such Board of Directors or whose nomination for election by the applicable shareholders was approved or ratified by a vote of more than 50% of the Board of Directors of Parent, then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved or ratified) cease for any reason to constitute a majority of such Board of Directors then in office;

(iii)

the adoption of a plan relating to the liquidation or dissolution of Parent; or;

(iv)

the arrangement, merger, consolidation or amalgamation of any Obligor with or into another Person (other than another Obligor) or the merger of another Person that is not an Obligor with or into an Obligor, or the sale of all or substantially all the assets of Parent and its Subsidiaries, taken as a whole, to another Person and, in the case of any such arrangement, merger, consolidation or amalgamation, the securities of the entity to be merged, that are

outstanding immediately prior to such transaction and that represent 100% of the aggregate voting power of the Equity Interests of such entity, are changed into or exchanged for cash, securities or property, unless pursuant to such transaction such securities are changed into or exchanged for, in addition to any other consideration, securities of the surviving corporation that represent immediately after such transaction at least a majority of the aggregate voting power of the Equity Interests of the surviving corporation.

**Chattel Paper:** as defined in the UCC (or, with respect to any Chattel Paper of a Canadian Obligor, as defined in the PPSA).

**Claims:** all liabilities, obligations, losses, damages, penalties, judgments, proceedings, interest, costs and expenses of any kind (including remedial response costs, reasonable attorneys' fees and Extraordinary Expenses) at any time (including after Full Payment of the Obligations, resignation or replacement of Agent, or replacement of any Lender) incurred by or asserted against any Indemnitee in any way relating to (a) any Loans, Letters of Credit, Loan Documents, or the use thereof or transactions relating thereto, (b) any action taken or omitted to be taken by any Indemnitee in connection with any Loan Documents, (c) the existence or perfection of any Liens, or realization upon any Collateral, (d) exercise of any rights or remedies under any Loan Documents or Applicable Law, or (e) failure by any Obligor to perform or observe any terms of any Loan Document, in each case including all costs and expenses relating to any investigation, litigation, arbitration or other proceeding (including an Insolvency Proceeding or appellate proceedings), whether or not the applicable Indemnitee is a party thereto.

**Closing Date:** as defined in **Section 6.1**.

**Code:** the Internal Revenue Code of 1986.

**Collateral:** all of each Obligor's right, title and interest in personal Property of such Obligor as more fully described in **Section 7.1** or the applicable Security Documents that now or hereafter secure the payment or performance of any of the Obligations.

**Commitment:** for any Lender, the aggregate amount of such Lender's Borrower Group Commitments. "**Commitments**" means the aggregate amount of all Borrower Group Commitments.

**Commitment Increase:** as defined in **Section 2.1.9(a)**.

**Commitment Increase Effective Date:** as defined in **Section 2.1.9(c)**.

**Commitment Termination Date:** with respect to all Borrowers and all Borrower Groups, the earliest to occur of (i) the Revolver Termination Date; (ii) the date on which Borrower Agent terminates all of the Borrower Group Commitments pursuant to **Section 2.1.6**; or (iii) the date on which the Borrower Group Commitments are terminated pursuant to **Section 11.2**.

**Compliance Certificate:** a certificate, in form and substance satisfactory to Agent, by which Parent, on behalf of all Obligors, certifies compliance with **Sections 10.2.1** and **10.3** and calculate the applicable Level for the Applicable Margin.

**Consigned Inventory:** Inventory delivered from time to time by a Borrower or a Canadian Guarantor to a Consignee on consignment.

**Consignee:** a person to whom Inventory is delivered by a Borrower or a Canadian Guarantor on consignment and who has an obligation to pay such Borrower or such Canadian Guarantor the purchase price therefor (less advertising allowances and sales commissions and other deductions that may be taken by or granted to such Consignee in connection thereof) only upon resale of such Inventory.

Contingent Obligation: any obligation of a Person arising from a guaranty, indemnity or other assurance of payment or performance of any Debt, lease, dividend or other obligation ("primary obligations") of another obligor ("primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person under any (a) guaranty, endorsement, co-making or sale with recourse of an obligation of a primary obligor; (b) obligation to make take-or-pay or similar payments

regardless of nonperformance by any other party to an agreement; and (c) arrangement (i) to purchase any primary obligation or security therefor, (ii) to supply funds for the purchase or payment of any primary obligation, (iii) to maintain or assure working capital, equity capital, net worth or solvency of the primary obligor, (iv) to purchase Property or services for the purpose of assuring the ability of the primary obligor to perform a primary obligation, or (v) otherwise to assure or hold harmless the holder of any primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be the stated or determinable amount of the primary obligation (or, if less, the maximum amount for which such Person may be liable under the instrument evidencing the Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto.

Credit Judgment: Agent's judgment exercised in good faith, based upon its consideration of any factor, circumstance or change after the Closing Date that it believes (a) could adversely affect the quantity, quality, mix or value of Collateral (including any Applicable Law that may inhibit collection of an Account), the enforceability or priority of Agent's Liens, or the amount that Agent and Lenders could receive in liquidation of any Collateral; (b) suggests that any collateral report or financial information delivered by any Obligor is incomplete, inaccurate or misleading in any material respect; (c) materially increases the likelihood of any Insolvency Proceeding involving an Obligor or the likelihood that the Obligations will not be paid; or (d) creates or could result in a Default or Event of Default. In exercising such judgment, Agent may consider any factors that could increase the credit risk of lending to Borrowers on the security of the Collateral.

Credit Party: Agent, a Lender or an Issuing Bank; and "Credit Parties" means Agent, Lenders and Issuing Banks.

Creditor Representative: under any Applicable Law, a receiver, interim receiver, receiver and manager, trustee (including any trustee in bankruptcy), custodian, conservator, administrator, examiner, sheriff, monitor, assignee, liquidator, provisional liquidator, sequestrator or similar officer or fiduciary.

Customs Broker: with respect to any In-Transit Inventory, a Person that is engaged by a Borrower to clear the In-Transit Inventory through U.S. or Canadian Customs.

CWA: the Clean Water Act (33 U.S.C. §§ 1251 et seq.).

Debt: as applied to any Person, without duplication, (a) all items that would be included as liabilities on a balance sheet in accordance with GAAP, including Capital Leases, but excluding trade payables and accrued expenses incurred and being paid in the Ordinary Course of Business; (b) all Contingent Obligations; (c) all reimbursement obligations in connection with letters of credit issued for the account of such Person; and (d) in the case of an Obligor, the Obligations. The Debt of a Person shall include any recourse Debt of any partnership in which such Person is a general partner or joint venturer.

Default: an event or condition that, with the lapse of time or giving of notice, would constitute an Event of Default.

Default Rate: on any date, a rate per annum that is equal to (i) in the case of each Revolver Loan outstanding on such date, 2% in excess of the rates otherwise applicable to such Revolver Loans on such date; (ii) in the case of LC Obligations outstanding and due and payable on such date, 2% in excess of the Applicable Margin for LIBOR Loans applicable on such date; and (iii) in the case of any of the other Obligations outstanding and due and payable on such date, 2% in excess of the U.S. Base Rate in effect on such date.





**Deposit Account Control Agreements:** the Deposit Account control agreements to be executed by each institution maintaining a Deposit Account for an Obligor, in favor of Agent, for the benefit of Secured Parties, as security for the Borrower Group Obligations of such Obligor.

**Dilution Reserve:** on any date, a reserve in the amount equal to the percentage calculated by dividing (i) non-cash reductions in Accounts (net of credit re-bills, where the re-bill occurs in the same month as the credit) for the 12-month period (or such shorter period as determined by Agent, but in no event shorter than 3 months) prior to such date divided by the sum of cash collections of Accounts plus non-cash reductions in Accounts for such 12-month period (or such shorter period as determined by Agent, but in no event shorter than 3 months) prior to such date, to the extent that such percentage exceeds 5%.

**Distribution:** any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); or any purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

**Document:** as defined in the UCC (or, with respect to any Document of a Canadian Obligor, a "document of title" as defined in the PPSA).

**Dollar Equivalent:** on any date, with respect to any amount denominated in Dollars, such amount in Dollars, and with respect to any stated amount in a currency other than Dollars, the amount of Dollars that Agent determines (which determination shall be conclusive and binding absent manifest error) would be necessary to be sold on such date at the applicable Exchange Rate to obtain the stated amount of the other currency.

**Dollars or \$:** lawful money of the United States.

**Dominion Account:** a special account established by an Obligor at Bank of America or another bank acceptable to Agent, over which Agent has exclusive control for withdrawal purposes during any Trigger Period pursuant to a Deposit Account Control Agreement (except that Agent shall have exclusive control over lockboxes and related Deposit Accounts maintained by any Obligor at Toronto Dominion Bank from and after the Closing Date, whether or not a Trigger Period exists).

**EBITDA:** determined on a consolidated basis for Obligors and Subsidiaries, net income, calculated before any deduction for:

(i)

interest expense,

(ii)

provision for income taxes,

(iii)

depreciation and amortization expense,

(iv)

any gains or losses arising from the sale of capital assets, gains arising from the write-up of assets, and any non-cash extraordinary gains or losses (in each case, to the extent included in determining net income),

(v)

non-cash expenses arising from impairment of goodwill or fixed assets,

(vi)

non-cash expenses arising from stock-based compensation,

(vii)

expenses incurred in connection with the establishment of the credit facility contemplated by this Agreement, including expenses arising from the termination of the existing credit facility on the Closing Date and any related interest rate swap agreements,

(viii)

expenses paid by Borrowers in calendar year 2007 in connection with their strategic alternatives process, in an amount not to exceed \$92,281 for Fiscal Month April, 2007, \$21,135 for Fiscal Month May, 2007, \$4,551,884 for Fiscal Month June, 2007, (\$25,834) for Fiscal Month July, 2007, \$57,916 for Fiscal Month August, 2007 and \$1,236,591 for Fiscal Month September, 2007; and

(ix)

any non-cash gain or non-cash loss with respect to any interest rate swap agreement that is reflected in the income statement.

**Eligible Account:** an Account owing to a Borrower or a Canadian Guarantor that arises in the Ordinary Course of Business from the sale of goods or rendition of services, is payable in Dollars (or, in the case of an Account owing to a Canadian Obligor, in Dollars or Canadian Dollars) and is deemed by Agent, in its Credit Judgment, to be an Eligible Account. Without limiting the foregoing, no Account shall be an Eligible Account if (a) it is unpaid for more than 60 days after the original due date, or more than 120 days after the original invoice date or is listed in Borrowers' books as a "problem aging"; (b) 50% or more of the Accounts owing by the Account Debtor are not Eligible Accounts under the foregoing clause; (c) when aggregated with other Accounts owing by the Account Debtor, it exceeds 10% of the aggregate Eligible Accounts (or such higher percentage as Agent may establish for the Account Debtor from time to time), but only as to such excess; (d) it does not conform with a material covenant or representation herein; (e) it is owing by a creditor or supplier, or is otherwise subject to a potential offset, counterclaim, dispute, deduction, discount, recoupment, reserve, defense, chargeback or credit, including all accrued customer rebates, incentive payments and allowances (but ineligibility shall be limited to the amount thereof); (f) an Insolvency Proceeding has been commenced by or against the Account Debtor; or the Account Debtor has failed, has suspended or ceased doing business, is liquidating, dissolving or winding up its affairs, or is not Solvent; (g) the Account Debtor is organized or has its principal offices or assets outside the United States or Canada unless (i) such Account is covered by credit insurance in an amount and pursuant to a policy acceptable to Agent in its reasonable discretion and pursuant to which Agent has been designated the sole lender's loss payee pursuant to documentation acceptable to Agent in its reasonable discretion or such Account is backed by a letter of credit or other credit enhancement acceptable to Agent in all respects, or (ii) such Account is owing by an Account Debtor that is located in the United Kingdom or (iii) the aggregate amount of such Accounts do not exceed \$7,000,000 in the aggregate at any time and are otherwise acceptable to Agent in its sole and absolute discretion; (h) it is owing by a Government Authority, unless the Account Debtor is the United States or Canada or any department, agency or instrumentality thereof and if requested by Agent in its sole discretion, the Account has been assigned to Agent in compliance with the Assignment of Claims Act, the Financial Administration Act (Canada) or other Applicable Law; (i) it is not subject to a duly perfected, first priority Lien in favor of Agent, or is subject to any other Lien (other than a Permitted Lien that is junior in priority to Agent's Liens); (j) the goods giving rise to it have not been delivered to and accepted by the Account Debtor, the services giving rise to it have not been accepted by the Account Debtor, or it otherwise does not represent a final sale; (k) it is evidenced by Chattel Paper or an Instrument of any kind, or has been reduced to judgment; (l) its payment has been extended, the Account Debtor has made a partial payment, or it arises from a sale on a cash-on-delivery basis; (m) it arises from a sale to an Affiliate, including any Account owing by the Portuguese Subsidiary to a Borrower or a Canadian Guarantor, or from a sale on a bill-and-hold, guaranteed sale, sale-or-return, sale-on-approval, or other repurchase or return basis or from a consignment of goods by a Person to a Borrower or a Canadian Guarantor; (n) it represents a progress billing or retainage; (o) it includes a billing for interest, fees or late charges, but ineligibility shall be limited to the extent thereof; (p) it arises from a retail sale to a Person who is purchasing for personal, family or household purposes; or (q) it arises from a sale of private label Inventory that has been deemed ineligible by Agent in

its sole and absolute discretion (or in the exercise of its Credit Judgment, but only with respect to private label Inventory sold to a customer that has executed an acknowledgment and assurance letter in favor of, and in form and substance satisfactory to,

Agent). In calculating delinquent portions of Accounts under clauses (a) and (b), credit balances more than 120 days from invoice date will be excluded.

Eligible Assignee: a Person that is (i) a Lender or a U.S.-based Affiliate of a Lender; (ii) if such Person is to hold U.S. Obligations, an Approved Fund that is approved by Agent (which approval by Agent shall not be unreasonably withheld or delayed) and Borrower Agent (which approval by Borrower Agent shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within two Business Days after notice of the proposed assignment); (iii) any other financial institution approved by Agent (which approval by Agent shall not be unreasonably withheld or delayed) and Borrower Agent (which approval by Borrower Agent shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within two Business Days after notice of the proposed assignment), that is organized under the laws of the United States or any state or district thereof, has total assets in excess of \$5 billion, extends asset-based lending facilities in its ordinary course of business and whose becoming an assignee would not constitute a prohibited transaction under Section 4975 of the Code or any other Applicable Law; or (iv) during any Event of Default, any Person acceptable to Agent in its reasonable discretion (which approval by Agent shall not be unreasonably withheld or delayed).

Eligible Consigned Inventory Conditions: the following conditions, each of which must be satisfied on any date of determination: (a) the Consigned Inventory consists of finished goods; (b) the Consigned Inventory has been consigned to an Eligible Consignee; (c) the Consigned Inventory is located at a Permitted Consignee Location; and (d) the aggregate Value of all Consigned Inventory of Borrowers on such date does not exceed \$5,000,000.

Eligible Consignee: a Consignee which Agent, in its Credit Judgment, deems to be an eligible consignee and, in making its determination of whether a Consignee is an Eligible Consignee, Agent will consider, among other things, whether the following requirements are met: (a) such Consignee shall have executed a consignment agreement, in form and scope acceptable to Agent, either granting the applicable Borrower or Canadian Guarantor and its assigns a purchase money lien and security interest in, or waiving any claim by such Consignee to any ownership interest or security interest or Lien in, all Consigned Inventory that is consigned by such Borrower or Canadian Guarantor to such Consignee, together with the cash and non-cash proceeds thereof; (b) such Borrower or Canadian Guarantor shall have filed of record, no later than 20 days after sending such Inventory to such Consignee (except that any such filing shall be made prior to sending any such Inventory to a Consignee located in Canada), with such Consignee's authorization a UCC-1 financing statement, or a PPSA financing statement, as applicable, in form acceptable to Agent, naming such Consignee as debtor and such Borrower or Canadian Guarantor as secured party (and, if requested by Agent, naming Agent as assignee, or assigned of record by such Borrower or Canadian Guarantor to Agent), covering the Consigned Inventory and the cash and non-cash proceeds thereof in all appropriate filing locations for the perfection of a first-priority security interest in such Consigned Inventory and the cash and non-cash proceeds thereof; and, after the filing of such financing statements, if requested by Agent, such Borrower or Canadian Guarantor shall have conducted UCC searches or PPSA searches, as applicable, of all filings made against such Consignee in such filing offices and taken such other action as Agent may request (including sending an authenticated notification to each holder of a conflicting security interest in such Consigned Inventory within the time period required by, and otherwise meeting the requirements of, Section 9-324(b) of the UCC (or, with respect to Consigned Inventory located in Canada, Section 33(1)(b) and 33(1)(c) of the PPSA, which notice shall be delivered prior to registration of the applicable PPSA financing statement and prior to delivery of such Inventory to such Consignee), which shall confirm that the security interest in the Consigned Inventory in favor of such Borrower or Canadian Guarantor, together with the cash and non-cash proceeds thereof, is and shall be a first-priority Lien; (c) if requested by Agent, Agent shall have received certificates of insurance upon the Consigned Inventory obtained by the applicable Borrower with lender's loss payable endorsement, naming Agent as lender's loss payee under such insurance; and (d) if requested by Agent, Agent shall have received a copy of the consignment agreement,



the filed UCC or PPSA financing statements, the UCC or PPSA searches and the insurance certificate and endorsement referred to in clauses (a) through (c) above, and such other instruments, documents, certificates, opinions or assurances, and the applicable Borrower or Canadian Guarantor shall have taken such other action as Agent may have requested in connection with the Consignee

**Eligible Equipment:** Equipment owned by a Borrower or a Canadian Guarantor that Agent, in its Credit Judgment, deems to be Eligible Equipment. Without limiting the foregoing, no Equipment shall be Eligible Equipment unless (a) with respect to Equipment of Canadian Obligors, it is located in the Provinces of British Columbia, Ontario, Quebec or Nova Scotia, Canada or, with respect to Equipment of U.S. Borrowers, it is located in the United States; (b) it was purchased by a Borrower or a Canadian Guarantor in the Ordinary Course of Business and is necessary or useful to the operations of such Obligor's business; (c) it has been delivered to and accepted by a Borrower or a Canadian Guarantor and installed at premises owned or leased by such Obligor; (d) it is subject to Agent's Liens, which are perfected as to such Equipment, and is not subject to any other Lien whatsoever; (e) does not constitute a fixture under Applicable Law unless each landlord and mortgagee in respect of such premises have executed in favor of Agent a Lien Waiver; (f) it does not constitute an accession to other Equipment that is subject to any Lien (whether or not a Permitted Lien) in favor of any Person other than Agent unless the holder of any such Lien agrees to disclaim any interest in the Eligible Equipment; and (g) it does not constitute furniture, computer hardware or software (other than computer hardware or software that is part of manufacturing equipment).

**Eligible Foreign Vendor:** a Foreign Vendor that (i) is located in a country acceptable to Agent in its reasonable discretion, (ii) has received timely payment or performance of all Debts and other obligations at any time owed to it by a Borrower (whether such Debts or other obligations arise from a Borrower's purchase of goods or otherwise), (iii) has not asserted (and has no outstanding right to assert) any reclamation, repossession, diversion, stoppage in transit, Lien or title retention rights in respect of such In-Transit Inventory, and (iv) if so requested by Agent in its reasonable discretion, has entered into and is in full compliance with the terms of a Vendor Agreement that is in full force and effect.

**Eligible In-Transit Inventory:** on any date, Inventory of a Borrower or Canadian Guarantor consisting of finished goods or raw materials and that meets all of the criteria for Eligible Inventory on such date other than the fact that it is In-Transit Inventory, but only if (i) under the terms of sale, title and risk of loss with respect to such Inventory have passed from the Foreign Vendor to such Borrower or Canadian Guarantor; (ii) such Inventory is fully insured by marine cargo or other insurance in such amounts, with such insurance companies and subject to such deductibles as are reasonably satisfactory to Agent and in respect of which Agent has been named as sole loss payee pursuant to a loss payee endorsement acceptable to Agent; (iii) the Foreign Vendor with respect to such Inventory is an Eligible Foreign Vendor; (iv) such Inventory is in the possession of a common carrier or Eligible NVOCC that has issued an Acceptable BOL; (v) if the applicable Borrower or Canadian Guarantor has engaged an NVOCC with respect to such Inventory, such NVOCC is an Eligible NVOCC and has issued an Acceptable BOL; (vi) all original counterparts of Acceptable BOLs in respect of such Inventory (whether issued by a carrier or an NVOCC) are in the possession, in the United States or Canada (if applicable), of Agent or an agent of Agent (including an Eligible NVOCC, a Customs Broker or a carrier serving as such agent under an Imported Goods Agreement) or in the possession of a Borrower or Canadian Guarantor as a result of Agent's delivery to a Borrower or Canadian Guarantor to facilitate offloading of such Inventory at the port of entry; (vii) the NVOCC and Customs Broker (or the carrier if so required by Agent) in respect of such Inventory has entered into an Imported Goods Agreement with Agent that is in effect; (viii) Agent has received an NBOL Compliance Letter in respect of such Inventory, if so required by Agent in its reasonable discretion; and (ix) the aggregate Value of all such Eligible In-Transit Inventory of Borrowers and Canadian Guarantors on such date does not exceed \$5,000,000.





**Eligible Inventory:** Inventory owned by a Borrower or a Canadian Guarantor that Agent, in its Credit Judgment, deems to be Eligible Inventory. Without limiting the foregoing, no Inventory shall be Eligible Inventory unless it (a) is finished goods, raw materials or work-in-process and is not packaging or shipping materials (unless incorporated in finished goods), labels, samples, display items, bags, replacement parts or manufacturing supplies; (b) is not held on consignment for any Person, nor subject to any deposit or downpayment; (c) is in new and saleable condition and is not damaged, defective, shopworn or otherwise unfit for sale; (d) is not slow-moving (which is defined as any product for which these have been *de minimis* sales in the last 12 months), obsolete or unmerchantable, and does not constitute returned goods (unless such Inventory is in unopened containers and is otherwise marketable) or repossessed goods; (e) meets all standards imposed by any Governmental Authority, and does not constitute hazardous materials under any Environmental Law; (f) conforms in all material respects with the covenants and representations herein; (g) is subject to Agent's duly perfected, first priority Lien, and no other Lien; (h) is within the continental United States or Canada, is not in transit except between locations of Obligors or Eligible In-Transit Inventory; (i) is not consigned to any Person unless each of the Eligible Consigned Inventory Conditions is satisfied with respect to such Inventory; (j) is not subject to any warehouse receipt or negotiable Document; (k) is not subject to any License or other arrangement that restricts such Borrower's or Agent's right to dispose of such Inventory, unless Agent has received an appropriate Lien Waiver, such Inventory is subject to a contractual purchase obligation from a customer that is acceptable to, and enforceable by, Agent, or Agent is satisfied that it could sell such Inventory on satisfactory terms during a Default; (l) is not located on leased premises or in the possession of a warehouseman, shipper, freight forwarder or other Person, unless the lessor or such Person has delivered a Lien Waiver or an appropriate Rent and Charges Reserve has been established; (m) is not in the possession of a processor, repairman or mechanic, unless each of the Eligible Processor Inventory Conditions is satisfied with respect to such Inventory; (n) is reflected in the details of a current perpetual inventory report; and (o) if such Inventory is private label Inventory, such Inventory does not exceed \$18,000,000 in Value in the aggregate at any time and is otherwise acceptable to Agent in its sole and absolute discretion (or in the exercise of its Credit Judgment, but only with respect to private label Inventory produced for a customer that has executed an acknowledgment and assurance letter in favor of, and in form and substance satisfactory to, Agent).

**Eligible NVOCC:** with respect to any In-Transit Inventory, an NVOCC in respect of such Inventory that (i) is not an Affiliate of a Borrower or the applicable Foreign Vendor and is otherwise acceptable to Agent; (ii) is engaged by a Borrower as freight forwarder with respect to such Inventory; (iii) has received from the carrier a tangible bill of lading with respect to such Inventory that names such NVOCC as consignee and, if so requested by Agent, has granted Agent a security interest in such bill of lading as security for the Obligations; (iv) has issued to the order of a Borrower or, if so requested by Agent, to the order of Agent, a tangible, negotiable bill of lading in respect of such Inventory (and any bill of lading so issued to the order of a Borrower shall name Agent as a notify party and conspicuously state on its face that it is subject to Agent's security interest); (v) is a party with Agent to an Imported Goods Agreement; and (vi) has not asserted any adverse claim or Lien against any such Inventory.

**Eligible Processor:** a processor in the possession of Inventory of a Borrower or Canadian Guarantor which Agent, in its Credit Judgment, deems to be an Eligible Processor and, in making its determination of whether a processor is an Eligible Processor, Agent will consider, among other things, whether the following requirements are met: (a) such processor shall have executed a processor's agreement, in form and scope acceptable to Agent, pursuant to which, among other things, such processor shall waive any claim to any ownership interest, security interest in or Lien upon the Inventory that is in such processor's possession or under such processor's control (including any enhancements to such Inventory by such processor), together with the cash and non-cash proceeds thereof; (b) prior to sending such Inventory to such processor, such Borrower or Canadian Guarantor shall have filed of record, as applicable, a PPSA financing statement or, with such processor's authorization, a UCC-1 financing statement, in form acceptable to Agent, naming such processor as debtor and such Borrower or Canadian



Guarantor as secured party (and, if requested by Agent, naming Agent as assignee, or assigned of record by such Borrower or Canadian Guarantor to Agent), covering such Inventory and the cash and non-cash proceeds thereof in all appropriate filing locations for the perfection of a first-priority security interest in such Inventory and the cash and non-cash proceeds thereof; and, after the filing of such financing statements, if requested by Agent, such Borrower or Canadian Guarantor shall have conducted UCC searches or PPSA searches, as applicable, of all filings made against such processor in such filing offices and taken such other action as Agent may request (including obtaining an agreement by any secured creditor of such processor with a security interest in inventory of such processor, pursuant to which such secured creditor acknowledges Agent's security interest in and Lien upon such Inventory and waives any security interest in, Lien upon or other claim to, such Inventory); (c) if requested by Agent, Agent shall have received certificates of insurance upon such Inventory obtained by the applicable Borrower or Canadian Guarantor with lender's loss payable endorsement, naming Agent as lender's loss payee under such insurance; and (d) if requested by Agent, Agent shall have received a copy of the processor agreement, the filed UCC or PPSA financing statements, the UCC or PPSA searches, any agreements with secured creditors of the processor and the insurance certificate and endorsement referred to in clauses (a) through (c) above, and such other instruments, documents, certificates, opinions or assurances, and the applicable Borrower or Canadian Guarantor shall have taken such other action as Agent may have requested in connection with the processor.

Eligible Processor Inventory Conditions: the following conditions, each of which must be satisfied on any date of determination with respect to Inventory in the possession of a processor, repairman, mechanic: (a) the Inventory is in the possession of an Eligible Processor; (b) the Inventory is located at a Permitted Processor Location; and (c) the aggregate Value of all such Inventory of Borrowers on such date does not exceed \$5,000,000.

Enforcement Action: any action to enforce any Obligations or Loan Documents or to realize upon any Collateral (whether by judicial action, self-help, notification of Account Debtors, exercise of setoff or recoupment, or otherwise).

Environmental Laws: all Applicable Laws (including all programs, permits and guidance promulgated by regulatory agencies), relating to public health (but excluding occupational safety and health, to the extent regulated by OSHA or similar foreign Governmental Authority) or the protection or pollution of the environment, including CERCLA, RCRA and CWA.

Environmental Notice: a notice (whether written or oral) from any Governmental Authority or other Person of any possible noncompliance with, investigation of a possible violation of, litigation relating to, or potential fine or liability under any Environmental Law, or with respect to any Environmental Release, environmental pollution or hazardous materials, including any complaint, summons, citation, order, claim, demand or request for correction, remediation or otherwise.

Environmental Release: a release as defined in CERCLA or under any other Environmental Law.

Equipment: as defined in the UCC (or, in the case of any Equipment of a Canadian Obligor, as defined in the PPSA), including all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible personal Property (other than Inventory), and all parts, accessories and special tools therefor, and accessions thereto.

Equipment Amortization Amount: on a monthly basis, the sum of (a) \$355,938 on the first day of each month during the first Loan Year, (b) \$533,906 on the first day of each month during the second Loan Year, (c) \$711,875 on the first day of each month during the third Loan Year, (d) \$711,875 on the first day of each month during the fourth Loan Year, and (e) \$711,875 on the first day of each month during the fifth Loan Year.



Equipment Formula Amount: 85% of the NOL Value of Eligible Equipment as of the Closing Date which amount equals \$42,712,500.

Equity Interest: the interest of any (a) shareholder in a corporation; (b) partner in a partnership (whether general, limited, limited liability or joint venture); (c) member in a limited liability company; or (d) other Person having any other form of equity security or ownership interest.

ERISA: the Employee Retirement Income Security Act of 1974.

ERISA Affiliate: any trade or business (whether or not incorporated) under common control with an Obligor within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

ERISA Event: (a) a Reportable Event with respect to a Pension Plan or a Termination Event in respect of a Canadian Pension Plan; (b) a withdrawal by any Obligor or ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Obligor or ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) the failure by any Obligor or ERISA Affiliate to meet any funding obligations with respect to any Pension Plan or Multiemployer Plan; (f) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (g) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Obligor or ERISA Affiliate.

Event of Default: as defined in **Section 11**.

Excess Amount: as defined in **Section 5.13**.

Exchange Act: the U.S. Securities Exchange Act of 1934, as amended.

Exchange Rate: on any date, (i) with respect to Canadian Dollars in relation to Dollars, the spot rate as quoted by Bank of America at its noon spot rate at which Dollars are offered on such date for Canadian Dollars, and (ii) with respect to Dollars in relation to Canadian Dollars, the spot rate as quoted by Bank of America at its noon spot rate at which Canadian Dollars are offered on such date for such Dollars.

Excluded Foreign Subsidiary: each of Fibope and Drumheath Indemnity Ltd., a company formed under the laws of Barbados.

Excluded Tax: with respect to Agent, any Lender, Issuing Bank or any other recipient of a payment to be made by or on account of any Obligation, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located; and (b) in the case of a Foreign Lender, any withholding tax attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with **Section 5.10**, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of



designation of a new Lending Office (or assignment), to receive additional amounts from any Borrowers with respect to such withholding tax.

Existing Letters of Credit: the letters of credit listed on **Exhibit D** attached hereto that have been issued by Comerica Bank for the benefit of Borrowers prior to the Closing Date, but excluding any renewals or replacements thereof.

Existing Purchase Money Debt: the Purchase Money Debt of Obligors or Subsidiaries that is in existence on the Closing Date and that is listed on **Exhibit E** attached hereto

Existing Subordinated Debt: the \$125,000,000 8.5% Senior Subordinated Notes due 2014.

Extraordinary Expenses: all costs, expenses or advances that Agent may incur during a Default or Event of Default, or during the pendency of an Insolvency Proceeding of an Obligor, including those relating to (a) any audit, inspection, repossession, storage, repair, appraisal, insurance, manufacture, preparation or advertising for sale, sale, collection, or other preservation of or realization upon any Collateral; (b) any action, arbitration or other proceeding (whether instituted by or against Agent, any Lender, any Obligor, any representative of creditors of an Obligor or any other Person) in any way relating to any Collateral (including the validity, perfection, priority or avoidability of Agent's Liens with respect to any Collateral), Loan Documents, Letters of Credit or Obligations, including any lender liability or other Claims; (c) the exercise, protection or enforcement of any rights or remedies of Agent in, or the monitoring of, any Insolvency Proceeding; (d) settlement or satisfaction of any taxes, charges or Liens with respect to any Collateral; (e) any Enforcement Action; (f) negotiation and documentation of any modification, waiver, workout, restructuring or forbearance with respect to any Loan Documents or Obligations; and (g) Protective Advances. Such costs, expenses and advances include transfer fees, Other Taxes, storage fees, insurance costs, permit fees, utility reservation and standby fees, legal fees, appraisal fees, brokers' fees and commissions, auctioneers' fees and commissions, accountants' fees, environmental study fees, wages and salaries paid to employees of any Obligor or independent contractors in liquidating any Collateral, and travel expenses.

EXXON Inventory Conditions: as defined in **Section 8.3.3** of this Agreement.

Fee Letter: the fee letter agreement dated the Closing Date between Agent and Borrowers.

Fibope: Fibope-Filmes Biorientados S.A., a company formed under the laws of Portugal.

Fiscal Month: for each Fiscal Quarter, the following three periods: (i) the first 4 week period during such quarter, (ii) the second 4 week period during such quarter and (iii) the remainder of such quarter.

Fiscal Quarter: each period of three months, commencing on the first day of a Fiscal Year.

Fiscal Year: the fiscal year of Obligors and Subsidiaries for accounting and tax purposes, ending on December 31 of each year.

Fixed Charge Coverage Ratio: the ratio, determined on a consolidated basis for Obligors and Subsidiaries for the applicable Measurement Period, of (a) EBITDA minus the amount of any cash payment by any Obligor or Subsidiary in respect of any Pension Plan or Canadian Pension Plan that was not already deducted as an expense in the computation of such net income plus the amount of any non-cash expense recorded by any Obligor or Subsidiary in respect of any Pension Plan or Canadian Pension Plan that was deducted as an expense in the computation of such net income minus the amount of any cash payment by any Obligor or Subsidiary in respect of environmental matters that



was not already

deducted as an expense in the computation of such net income plus the amount of any non-cash expense recorded by an Obligor or Subsidiary relating to environmental matters that was deducted as an expense in the calculation of such net income minus Capital Expenditures (except those financed with Borrowed Money other than Revolver Loans) minus Distributions made during such period, minus the amount of any Advisory Services Payments that were not already deducted in the computation of such net income made, minus cash taxes paid during such period (net of any cash refunds received by Obligors and their Subsidiaries but only to the extent of cash taxes paid, with such amount never to be less than zero), minus any investments in or loans to any Excluded Foreign Subsidiary during such period to (b) Fixed Charges.

Fixed Charges: with respect to any period, the sum of interest expense (other than payment-in-kind), plus principal payments made on Borrowed Money (excluding any repayment of the Loans, repayment on the Closing Date of Borrowers' existing credit facility with Citicorp North America, and the partial repayment, in the aggregate amount not to exceed \$60,900,000, of such credit facility during the period from September 2007 through November 2007 with such amounts not to exceed \$45,000,000 in September 2007, \$15,000,000 in October 2007 and \$900,000 in November 2007), plus the Equipment Amortization Amount, plus the Post-Closing Equipment Amortization Amount (regardless of whether a principal payment is made or required to be made in respect of such Equipment Amortization Amount or Post-Closing Equipment Amortization Amount); provided that, for any Measurement Period ending on or before March 31, 2009 (other than the Measurement Period ending on or about March 31, 2008), interest expense will be calculated on a pro forma basis by annualizing, in a manner satisfactory to Agent, the amount of interest expense (other than payment-in-kind) incurred during the period beginning on the first day of the Obligors' April, 2008 Fiscal Month and ending on the last day of such Measurement Period.

Floating Rate Loan: a U.S. Base Rate Loan, a Canadian Prime Rate Loan or a Canadian Base Rate Loan.

FLSA: the Fair Labor Standards Act of 1938.

Foreign Lender: with respect to any Borrower Group, a Lender to such Borrower Group that is (i) resident in a jurisdiction other than Canada or a province or territory thereof, in the case of the Borrower Group consisting of Canadian Obligors; or (ii) organized under the laws of a jurisdiction other than a state of the United States or the District of Columbia, in the case of the Borrower Group consisting of U.S. Obligors.

Foreign Plan: any employee benefit plan or arrangement (a) maintained or contributed to by any Obligor or Subsidiary that is not subject to the laws of the United States or Canada; or (b) mandated by a government other than the United States or Canada for employees of any Obligor or Subsidiary.

Foreign Subsidiary: a Subsidiary that is a "controlled foreign corporation" under Section 957 of the Code, such that a guaranty by such Subsidiary of the Obligations or a Lien on the assets of such Subsidiary to secure the Obligations would result in material tax liability to Obligors, which, for greater certainty, does not include a Canadian Subsidiary.

Foreign Vendor: a Person that sells In-Transit Inventory to a Borrower.

FSCO: The Financial Services Commission of Ontario or like body in any other Province of Canada and any other Governmental Authority succeeding to the functions thereof.

Full Payment: with respect to any Obligations, (a) the full and indefeasible cash payment thereof in the applicable currency required hereunder, including any interest, fees and other charges accruing during an Insolvency Proceeding (whether or not allowed in the proceeding); (b) if such Obligations are LC Obligations or inchoate or contingent in

nature, Cash Collateralization thereof (or delivery of a

standby letter of credit acceptable to Agent in its reasonable discretion, in the amount of required Cash Collateral); and (c) a release of any Claims of Obligors against Agent, Lenders and Issuing Bank arising on or before the payment date. No Loans shall be deemed to have been paid in full until all Commitments related to such Loans have expired or been terminated.

GAAP: generally accepted accounting principles in effect in the United States or Canada from time to time.

General Intangibles: as defined in the UCC (or, with respect to any General Intangible of a Canadian Obligor, an "intangible" as defined in the PPSA), including choses in action, causes of action, company or other business records, inventions, blueprints, designs, patents, patent applications, trademarks, trademark applications, trade names, trade secrets, service marks, goodwill, brand names, copyrights, registrations, licenses, franchises, customer lists, permits, tax refund claims, computer programs, operational manuals, internet addresses and domain names, insurance refunds and premium rebates, all rights to indemnification, and all other intangible Property of any kind.

Goods: as defined in the UCC (or, with respect to any Goods of a Canadian Obligor, as defined in the PPSA).

Governmental Approvals: all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and required reports to, all Governmental Authorities.

Governmental Authority: any federal, state, municipal, foreign or other governmental department, agency, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for or pertaining to any government or court, in each case whether it is or is not associated with the United States, a state, district or territory thereof, Canada, a province or territory thereof or any other foreign entity or government.

Guaranteed Obligations: all obligations guaranteed by a Guarantor pursuant to its respective Guaranty.

Guarantor Payment: as defined in **Section 5.11.3**.

Guarantors: Canadian Guarantors, U.S. Guarantors, each Borrower of a Borrower Group with respect to the Borrower Group Obligations of another Borrower Group and each other Person who guarantees payment or performance of any Obligations.

Guaranty: each guaranty agreement executed by a Guarantor in favor of Agent with respect to the Obligations of a Borrower Group, including each Canadian Guaranty and each U.S. Guaranty.

Hedging Agreement: an agreement relating to any swap, cap, floor, collar, option, forward, cross right or obligation, or combination thereof or similar transaction, with respect to interest rate, foreign exchange, currency, commodity, credit or equity risk.

Imported Goods Agreement: an Imported Goods Agreement in the form acceptable to Agent.

Increasing Canadian Lender: as defined in **Section 2.1.9(c)**.

Increasing U.S. Lender: as defined in **Section 2.1.9(c)**.

Indemnified Taxes: Taxes other than Excluded Taxes.



**Indemnitees:** Agent Indemnitees, Lender Indemnitees, Issuing Bank Indemnitees and Bank of America Indemnitees.

**Indenture:** that certain Indenture dated as of July 28, 2004 among Intertape Polymer US Inc. and the guarantors named therein and Wilmington Trust Company, as trustee, relating to the Existing Subordinated Debt.

**Insolvency Proceeding:** any case or proceeding or proposal commenced by or against a Person under any state, provincial, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief, bankruptcy, receivership, debt adjustment law or other similar law (whether state, provincial, federal or foreign), including the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada); (b) the appointment of a Creditor Representative or other custodian for such Person or any part of its Property; or (c) an assignment or trust mortgage for the benefit of creditors; or (d) the liquidation, dissolution, or winding up of the affairs of such Person.

**Instrument:** as defined in the UCC (or, with respect to any Instruments of a Canadian Obligor, as defined in the PPSA).

**Insurance Assignment:** each collateral assignment of insurance pursuant to which an Obligor assigns to Agent, for the benefit of Secured Parties, such Obligor's rights under business interruption, credit insurance or other insurance policies as Agent deems appropriate, as security for the Obligations.

**Intellectual Property:** all intellectual and similar Property of a Person, including inventions, designs, patents, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; all licenses or other rights to use any of the foregoing; and all books and records relating to the foregoing.

**Intellectual Property Claim:** any claim or assertion (whether in writing, by suit or otherwise) that a Obligor's or Subsidiary's ownership, use, marketing, sale or distribution of any Inventory, Equipment, Intellectual Property or other Property violates another Person's Intellectual Property.

**Interest Period:** as defined in **Section 3.1.4**.

**Interest Period Loan:** a LIBOR Loan or a Canadian BA Rate Loan.

**Interest Rate Contract:** any interest rate swap, collar or cap agreement, or other agreement or arrangement by any Obligor or Subsidiary with a Lender that is designed to protect against fluctuations in interest rates.

**In-Transit Inventory:** Inventory of a Borrower or Canadian Guarantor that is in the possession of a common carrier and is in transit from a Foreign Vendor of a Borrower or Canadian Guarantor from a location outside of Canada or a state within the United States to a location of a Borrower or Canadian Guarantor (or a location designated by a Borrower or Canadian Guarantor) that is in Canada or a state within the United States.

**Inventory:** as defined in the UCC (or, with respect to any Inventory of a Canadian Obligor, as defined in the PPSA), including all goods intended for sale, lease, display or demonstration; all work in process; and all raw materials, and other materials and supplies of any kind that are or could be used in connection with the manufacture, printing, packing, shipping, advertising, sale, lease or furnishing of such goods, or otherwise used or consumed in an Obligor's business (but excluding Equipment).



Inventory Formula Amount: on any date of determination, an amount equal to:

(i)

the lesser of (i) 70% of the Value of Eligible Inventory consisting of finished goods on such date of determination; or (ii) 85% of the NOLV Percentage of Eligible Inventory consisting of finished goods on such date of determination; plus

(ii)

the lesser of (i) 70% of the Value of Eligible Inventory consisting of raw materials on such date of determination; or (ii) 85% of the NOLV Percentage of Eligible Inventory consisting of raw materials on such date of determination; plus

(iii)

the lesser of (i) 70% of the Value of Eligible Inventory consisting of work-in-process on such date of determination; or (ii) 85% of the NOLV Percentage of Eligible Inventory consisting of work-in-process on such date of determination.

Inventory Reserve: reserves established by Agent in the exercise of its Credit Judgment to reflect factors that may negatively impact the Value of Inventory, including change in salability, obsolescence, seasonality, theft, shrinkage, imbalance, change in composition or mix, markdowns and vendor chargebacks. Without limiting the generality of the foregoing or Agent's right to establish any other reserve with respect to Inventory in accordance with this Agreement (including on the Closing Date), as of the Closing Date, the Inventory Reserve shall include an amount equal to \$1,000,000 with respect to private label Inventory, which amount shall be reduced to \$0 upon Agent's receipt and satisfactory review of the results of its first Inventory appraisal conducted after the Closing Date and the implementation of any corresponding adjustments to the Value of private label Inventory in the Inventory Formula Amount.

Investment: any acquisition of all or substantially all assets of a Person that is organized under the laws of the United States or any state thereof or Canada or any province thereof; any acquisition of record or beneficial ownership of any Equity Interests of a Person that is organized under the laws of the United States or any state thereof or Canada or any province thereof; or any advance or capital contribution to or other investment in a Person.

Investment Property: as defined in the UCC (or, with respect to any Investment Property of a Canadian Obligor, "security" as defined in the PPSA).

IRS: the United States Internal Revenue Service.

Issuing Bank: (i) Bank of America or an Affiliate of Bank of America with respect to all Letters of Credit (other than the Existing Letters of Credit), and (ii) Comerica Bank with respect to the Existing Letters of Credit.

Issuing Bank Indemnitees: Issuing Bank and its officers, directors, employees, Affiliates, agents and attorneys.

LC Application: an application by a U.S. Borrower (or Borrower Agent on behalf of a U.S. Obligor or Canadian Obligor) to Issuing Bank for issuance of a Letter of Credit, in form and substance satisfactory to Issuing Bank.



LC Conditions: the following conditions necessary for issuance of a Letter of Credit: (a) each of the conditions set forth in **Section 6**; (b) after giving effect to such issuance, total LC Obligations do not exceed the Letter of Credit Subline, no Overadvance exists and, if no Revolver Loans are outstanding, the LC Obligations do not exceed the Borrowing Base (without giving effect to the LC Reserve for purposes of this calculation); (c) the expiration date of such Letter of Credit is (i) no more than 365 days from issuance, in the case of standby Letters of Credit, (ii) no more than 120 days from issuance, in the case of

documentary Letters of Credit, and (iii) at least 20 Business Days prior to the Revolver Termination Date; (d) the Letter of Credit and payments thereunder are denominated in Dollars; and (e) the purpose and form of the proposed Letter of Credit is satisfactory to Agent and Issuing Bank in their reasonable discretion.

**LC Documents:** all documents, instruments and agreements (including LC Requests and LC Applications) delivered by Borrowers or any other Person to Issuing Bank or Agent in connection with issuance, amendment or renewal of, or payment under, any Letter of Credit.

**LC Obligations:** the sum (without duplication) of (a) all amounts owing by any U.S. Obligor or Canadian Obligor for any drawings under Letters of Credit; (b) the stated amount of all outstanding Letters of Credit; and (c) all fees and other amounts owing with respect to Letters of Credit.

**LC Request:** a request for issuance of a Letter of Credit, to be provided by a U.S. Borrower (or Borrower Agent on behalf of the applicable U.S. Obligor or Canadian Obligor) to Issuing Bank, in form satisfactory to Agent and Issuing Bank.

**LC Reserve:** the aggregate of all LC Obligations, other than (a) those that have been Cash Collateralized; and (b) if no Default or Event of Default exists, those constituting charges owing to the Issuing Bank.

**Lender Indemnitees:** Lenders and their officers, directors, employees, Affiliates, agents and attorneys.

**Lenders:** shall have the meaning given to it in the preamble to this Agreement and shall include U.S. Lenders, Canadian Lenders, and Applicable Swingline Lenders, and their respective successors and permitted assigns, and any other Person who hereafter becomes a "Lender" pursuant to an Assignment and Acceptance.

**Lending Office:** the office designated as such by the applicable Lender at the time it becomes party to this Agreement or thereafter by notice to Agent and Borrower Agent.

**Letter of Credit:** each Existing Letter of Credit and any other standby or documentary letter of credit issued by Issuing Bank for the account of a U.S. Obligor or Canadian Obligor, or any indemnity, guarantee, exposure transmittal memorandum or similar form of credit support issued by Agent or Issuing Bank for the benefit of a U.S. Obligor or Canadian Obligor.

**Letter of Credit Subline:** the Dollar Equivalent of \$15,000,000.

**LIBOR:** for any Interest Period with respect to a LIBOR Loan, the per annum rate of interest (rounded upward, if necessary, to the nearest 1/8th of 1%), determined by Agent at approximately 11:00 a.m. (London time) two Business Days prior to commencement of such Interest Period, for a term comparable to such Interest Period, equal to (a) the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source designated by Agent); or (b) if BBA LIBOR is not available for any reason, the interest rate at which Dollar deposits in the approximate amount of the LIBOR Loan would be offered by Bank of America's London branch to major banks in the London interbank Eurodollar market. If the Board of Governors imposes a Reserve Percentage with respect to LIBOR deposits, then LIBOR shall be the foregoing rate, divided by 1 minus the Reserve Percentage.

**LIBOR Loan:** each set of LIBOR Revolver Loans having a common length and commencement of Interest Period.



LIBOR Revolver Loan: a Revolver Loan that bears interest based on LIBOR.

License: any license or agreement under which an Obligor is authorized to use Intellectual Property in connection with any manufacture, marketing, distribution or disposition of Collateral, any use of Property or any other conduct of its business.

Licensor: any Person from whom an Obligor obtains the right to use any Intellectual Property.

Lien: any Person's interest in Property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including liens, security interests, pledges, security transfers, security assignments, hypothecations, secured claims, statutory trusts, deemed trusts, reservations of title, exceptions, encroachments, easements, servitudes, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property.

Lien Waiver: an agreement, in form and substance satisfactory to Agent, by which (a) for any material Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent to enter upon the premises and remove the Collateral or to use the premises to store or dispose of the Collateral; (b) for any Collateral held by a warehouseman, processor, shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any Documents in its possession relating to the Collateral as agent for Agent, and agrees to deliver the Collateral to Agent upon request; (c) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to Agent upon request; and (d) for any Collateral subject to a Licensor's Intellectual Property rights, the Licensor grants to Agent the right, vis-à-vis such Licensor, to enforce Agent's Liens with respect to the Collateral, including the right to dispose of it with the benefit of the Intellectual Property, whether or not a default exists under any applicable License.

Loan: a Revolver Loan.

Loan Account: the loan account established by each Lender on its books pursuant to **Section 5.8**.

Loan Documents: this Agreement, Other Agreements and Security Documents.

Loan Year: each 12 month period commencing on the Closing Date and on each anniversary of the Closing Date.

Margin Stock: as defined in Regulation U of the Board of Governors.

Material Adverse Effect: the effect of any event or circumstance that, taken alone or in conjunction with other events or circumstances, (a) has or could be reasonably expected to have a material adverse effect on the business, operations, Properties, prospects or condition (financial or otherwise) of any Obligor, on the value of any material Collateral, on the enforceability of any Loan Documents, or on the validity or priority of Agent's Liens on any Collateral; (b) impairs the ability of any Obligor to perform any obligations under the Loan Documents, including repayment of any Obligations; or (c) otherwise impairs the ability of Agent or any Lender to enforce or collect any Obligations or to realize upon any Collateral.

Material Contract: any agreement or arrangement to which an Obligor or Subsidiary is party (other than the Loan Documents) (a) that is deemed to be a material contract under any securities law applicable to such Obligor, including the Securities Act of 1933; (b) for which breach, termination,



nonperformance or failure to renew could reasonably be expected to have a Material Adverse Effect; or (c) that relates to Subordinated Debt, or Debt in an aggregate amount of \$1,000,000 or more.

Measurement Period: as of the last day of each applicable Fiscal Month, the immediately preceding 12 Fiscal Months.

Moody's: Moody's Investors Service, Inc., and its successors.

Multiemployer Plan: any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Obligor or ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

NBOL Compliance Letter: with respect to any In-Transit Inventory, a letter in a form satisfactory to Agent that is sent from a Foreign Vendor of such Inventory or the NVOCC with respect to such Inventory, to Agent together with the original counterparts of bills of lading covering such Inventory.

Net Proceeds: with respect to an Asset Disposition, proceeds (including, when received, any deferred or escrowed payments) received by an Obligor or Subsidiary in cash from such disposition, net of (a) reasonable and customary costs and expenses actually incurred in connection therewith, including legal fees and sales commissions; (b) amounts applied to repayment of Debt secured by a Permitted Lien senior to Agent's Liens on Collateral sold; (c) transfer or similar taxes; and (d) reserves for indemnities, until such reserves are no longer needed.

New Canadian Lender: as defined in **Section 2.1.9(c)** of the Loan Agreement.

New U.S. Lender: as defined in **Section 2.1.9(c)** of the Loan Agreement.

NOLV Percentage: the net orderly liquidation value of Inventory, expressed as a percentage of the Value of Inventory based upon the applicable segment of Inventory (e.g., work-in-process, raw materials or finished goods), expected to be realized at an orderly, negotiated sale held within a reasonable period of time, net of all liquidation expenses, as determined from the most recent appraisal of a Borrower's and Canadian Guarantors' Inventory performed by an appraiser and on terms satisfactory to Agent.

NOL Value: with reference to the net orderly liquidation value on any date of Equipment of a Borrower or a Canadian Guarantor, the orderly liquidation value of such Equipment, net of all costs and expenses reasonably expected to be incurred in the conduct of any liquidation of such Equipment, as determined pursuant to an appraisal performed by Agent or, at its election, by an appraiser reasonably satisfactory to Agent; and if Agent has performed or caused to be performed more than one such appraisal of Equipment of such Borrower or Canadian Guarantor, then the orderly liquidation value on any date for such Borrower's or Canadian Guarantor's Equipment shall be the value determined from the most recent appraisal of such Borrower's or Guarantor's Equipment that is conducted pursuant to this Agreement.

Note Pledge Agreement: any Note Pledge Agreement executed by an Obligor in favor of Agent, for the benefit of Secured Parties, to secure the Secured Obligations, as any of the same may be amended, restated, supplemented or otherwise modified from time to time.

Notes: each Revolver Note or other promissory note executed by a Borrower to evidence any Obligations.

Notice of Borrowing: a Notice of Borrowing to be provided by Borrower Agent to request a Borrowing of Revolver Loans, in form satisfactory to Agent.

Notice of Conversion/Continuation: a Notice of Conversion/Continuation to be provided by Borrower Agent to request a conversion or continuation of any Loans as LIBOR Loans or Canadian BA Rate Loans, in form satisfactory to Agent.

NVOCC: with respect to any In-Transit Inventory, a non-vessel operating common carrier engaged as a freight forwarder or otherwise to assist in the importation of In-Transit Inventory.

Obligations: all (a) principal of and premium, if any, on the Loans, (b) LC Obligations and other obligations of U.S. Borrowers with respect to Letters of Credit, including all Existing Letters of Credit, (c) interest, expenses, fees and other sums payable by Obligors under Loan Documents, (d) obligations of Obligors under any indemnity for Claims, (e) Extraordinary Expenses, (f) Bank Product Debt, and (g) other Debts, obligations and liabilities of any kind owing by Obligors pursuant to the Loan Documents, whether now existing or hereafter arising, whether evidenced by a note or other writing, whether allowed in any Insolvency Proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several.

Obligor: a U.S. Obligor or Canadian Obligor or any other Person that is at any time liable for the payment of the whole or any part of the Obligations or that has granted in favor of Agent a Lien upon any of any of such Person's assets to secure payment of any of the Obligations.

Ordinary Course of Business: the ordinary course of business of any Obligor or Subsidiary, consistent with past practices and undertaken in good faith.

Organic Documents: with respect to any Person, its charter, certificate or articles of incorporation, bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, certificate of partnership, certificate of formation, memorandum of association, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

OSHA: the Occupational Safety and Hazard Act of 1970.

Other Agreement: each Note; LC Document; Fee Letter; Lien Waiver; Borrowing Base Certificate, Compliance Certificate, financial statement or report delivered hereunder; or other document, instrument or agreement (other than this Agreement or a Security Document) now or hereafter delivered by an Obligor or other Person to Agent or a Lender in connection with any transactions relating hereto.

Other Taxes: all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

Overadvance: as defined in **Section 2.1.7**.

Overadvance Loan: a U.S. Base Rate Revolver Loan or a Canadian Prime Rate Loan or a Canadian Base Rate Loan, as applicable, made when an Overadvance exists or is caused by the funding thereof.

Parent: Intertape Polymer Group Inc., a corporation organized under the Canada Business Corporations Act and a Guarantor.



Participant: as defined in **Section 13.2**.

Patent Security Agreement: each patent security agreement pursuant to which an Obligor grants to Agent, for the benefit of Secured Parties, a Lien on such Obligor's interests in its patents, as security for the Obligations.

PATRIOT Act: the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001).

Payment Item: each check, draft or other item of payment payable to an Obligor, including those constituting proceeds of any Collateral.

PBA: the Pensions Benefits Act (Ontario) or any other Canadian federal or provincial statute in relation to Canadian Pension Plans.

PBGC: the Pension Benefit Guaranty Corporation.

Pension Plan: any employee pension benefit plan (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Obligor or ERISA Affiliate or to which the Obligor or ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the preceding five plan years, and includes a Canadian Pension Plan, as applicable.

Permitted Asset Disposition:

(i)

as long as no Default or Event of Default exists and as long as all Net Proceeds are remitted to Agent at any time that a Trigger Period exists or a payment is otherwise required under **Section 5.2**, an Asset Disposition that is:

(a)

a sale of Inventory in the Ordinary Course of Business;

(b)

a disposition of Inventory that is obsolete, unmerchantable or otherwise unsaleable in the Ordinary Course of Business; or

(c)

a sale of Equipment other than Eligible Equipment for a cash price at least equal to its fair market value; and

(ii)

as long as no Default or Event of Default exists:

(a)

termination of a lease of real or personal Property that is not necessary for the Ordinary Course of Business, could not reasonably be expected to have a Material Adverse Effect and does not result from an Obligor's default;

(b)

a sale of Real Estate; or

(c)

Asset Dispositions among U.S. Obligor s or among Canadian Obligor s so long as Agent's first priority Lien continues in any such assets after giving effect to such disposition and Obligor s execute and deliver to Agent any and all documents, agreements or instruments reasonably required by Agent in connection with such Asset Disposition; and

(iii)

as long as no Default or Event of Default exists, a sale of Eligible Equipment so long as the Equipment Formula Amount or Post-Closing Equipment Formula Amount with respect thereto is reduced by (x) the greater of the Net Proceeds of such Eligible Equipment or

85% of the NOL Value of such Eligible Equipment minus (y) the amount of any applicable Equipment Amortization Amount or Post-Closing Equipment Amortization Amount as calculated on such date;

provided, that in no event shall the aggregate amount of dispositions of Eligible Equipment exceed \$10,000,000 in the aggregate during any 12 month period; and

(iv)

such other Asset Disposition that is otherwise approved in writing by Agent and Required Lenders

Permitted Consignee Location: premises at which Consigned Inventory is located and which are (a) owned by an Eligible Consignee, (b) leased by an Eligible Consignee and, as to which leased premises, either the applicable Borrower shall have caused to be delivered to Agent a Lien Waiver or Agent shall have established a Rent and Charges Reserve, or (c) otherwise acceptable to Agent in its Credit Judgment.

Permitted Contingent Obligations: Contingent Obligations (a) arising from endorsements of Payment Items for collection or deposit in the Ordinary Course of Business; (b) arising from Hedging Agreements permitted hereunder; (c) existing on the Closing Date, and any extension or renewal thereof that does not increase the amount of such Contingent Obligation when extended or renewed; (d) incurred in the Ordinary Course of Business with respect to surety, appeal or performance bonds, or other similar obligations; (e) arising from customary indemnification obligations in favor of purchasers in connection with dispositions of Equipment permitted hereunder; (f) arising under the Loan Documents; or (g) in an aggregate amount of \$2,500,000 or less at any time.

Permitted Distribution: a Distribution by an Obligor (other than an Upstream Payment) so long as the Restricted Payment Conditions are satisfied.

Permitted Investment Additional Conditions: with respect to any Investment, satisfaction of each of the following conditions as reasonably determined by Agent:

(i)

Obligors shall have made available to Agent, not later than 20 Business Days prior to the proposed date of the proposed acquisition or other Investment, copies of (a) lien search results with respect to any acquired Property, (b) the agreements and other documents to be executed and delivered by Obligors and any other Person in connection with such acquisition (including but not limited to the purchase and sale agreement with all schedules and exhibits thereto) or other Investment, and (c) all other due diligence information obtained or prepared by Obligors in connection with such acquisition or other Investment and consistent with Obligors' past practice in connection with prior acquisitions;

(ii)

such Investment shall be limited to Investments in Persons organized under the laws of the United States or any state thereof or of Canada or any province thereof;

(iii)

such Investment shall be in a Person that is engaged primarily in one or more businesses in which Borrowers are engaged;

(iv)

Agent shall have received evidence satisfactory to it that, both before and after giving *pro forma* effect to such acquisition or other Investment, each Obligor is Solvent;

(v)

with respect to any Property acquired in such acquisition or other Investment (but, in any event, excluding (a) any Property otherwise described in subsection (iv) of this definition, and (b) interests in any joint venture to the extent that the joint venture agreement of

such joint venture prohibits the pledge of such interests), Obligors shall have (X) executed and delivered to Agent such amendments or supplements to the relevant Security Documents or such other documents as Agent deems necessary or advisable to grant to Agent, for the benefit of the Secured Parties, a Lien on such Property, and (Y) taken all actions necessary or advisable to cause such Lien to be duly perfected to the extent required by such Security Documents in accordance with all Applicable Laws, including but not limited to the filing of financing statements in such jurisdictions as Agent requests;

(vi)

with respect to any Person that becomes a Subsidiary of any Obligor as a result of such acquisition or other Investment, Obligors, such Person shall contemporaneously with the consummation of such acquisition or other Investment, (a) execute and deliver to Agent such amendments to the relevant Security Documents as Agent deems necessary or advisable to grant to Agent, for the benefit of the Secured Parties, a Lien on all Equity Interests in such Person that are owned by any Obligor (provided that, in no event shall more than sixty-five percent (65%) of the voting Equity Interests in any Foreign Subsidiary be required to be so pledged (other than a Canadian Subsidiary with respect to which 100% of the Equity Interests shall be pledged to Agent)), (b) deliver to Agent each certificate representing such Equity Interests, together with undated irrevocable powers executed and delivered in blank by a duly authorized officer of such Person or the applicable Obligor, as the case may be, (c) execute and deliver to the Agent a joinder agreement to this Agreement and such other documents (including, if requested by Agent, an amendment to any Hedging Agreement to add such Person as a party thereto) as Agent deems necessary or advisable to add such Person as an additional "Guarantor" or, at Agent's option and with respect to U.S. Obligors only, "Borrower" under the Loan Documents, and (d) take all actions necessary or advisable to cause the Lien created by such Security Documents to be duly perfected to the extent required by such Security Documents in accordance with all Applicable Laws, including but not limited to the filing of financing statements in such jurisdictions as Agent requests;

(vii)

Obligors shall have delivered to Agent certified resolutions of Obligors' shareholders, members, partners, directors or other applicable governing bodies, that evidence their consent to any such acquisition or other Investment unless waived in writing by Lenders;

(viii)

if requested by Agent, Obligors shall have delivered to Agent legal opinions relating to the matters described in clauses (iii), (iv) and (vii) immediately preceding, which legal opinions shall be in form and substance, and from counsel, satisfactory to Agent in its reasonable discretion;

(ix)

such Investment is not prohibited by Applicable Law;

(x)

in connection with any acquisition of all or a material part of the Equity Interests of any Person or the assets or business unit of any Person, Obligors shall have delivered to Agent evidence satisfactory to Agent that the Fixed Charge Coverage Ratio as of the last day of the immediately preceding fiscal month for which financial statements

have been delivered to Agent and Lenders after giving *pro forma* effect to such acquisition is at least 1.0 to 1.0, calculated in a manner satisfactory to Agent; and

(xi)

no additional Debt shall be incurred in connection with such Investment except to the extent expressly permitted under **Section 10.2.1**.

Permitted Lien: as defined in **Section 10.2.2**.

Permitted Processor Location: premises at which Inventory of a Borrower or Canadian Guarantor is located and which are (a) owned by an Eligible Processor; (b) leased by an Eligible Processor and, as to which leased premises, either the applicable Borrower or Canadian Guarantor shall have caused to be delivered to Agent a Lien Waiver or Agent shall have established a Rent and Charges Reserve; or (c) otherwise acceptable to Agent in its Credit Judgment.

Permitted Purchase Money Debt: Purchase Money Debt of Obligor and Subsidiaries that is unsecured or secured only by a Purchase Money Lien, including the Existing Purchase Money Debt, but only so long as the aggregate amount does not exceed at any time the sum of (i) \$25,000,000 for any Purchase Money Debt incurred after the Closing Date and (ii) the outstanding balance of the Existing Purchase Money Debt as of the Closing Date.

Permitted Real Estate Debt: Borrowed Money that (i) is incurred by a Borrower or a Canadian Guarantor after the Closing Date, (ii) is secured by a Lien on Real Estate only and not by a Lien on any Collateral and (iii) satisfies each of the other Permitted Real Estate Debt Conditions, but not to exceed in the aggregate at any time with respect to all such Permitted Real Estate Debt \$35,000,000 in the aggregate.

Permitted Real Estate Debt Conditions: each of the following conditions, the satisfaction of which, as reasonably determined by Agent, shall be required in connection with the incurrence by a Borrower or a Canadian Guarantor of Permitted Real Estate Debt:

(i)

no Default or Event of Default exists at the time that such Permitted Real Estate Debt is incurred or would result therefrom;

(ii)

concurrently with the incurrence of such Permitted Real Estate Debt, the net proceeds thereof are applied to the outstanding principal amount of the Revolver Loans (but without permanently reducing the Revolver Commitments);

(iii)

the maturity date of such Permitted Real Estate Debt is no earlier than June 28, 2013; and

(iv)

the financial institution or other Person that provides such Permitted Real Estate Debt executes and delivers to Agent a mortgagee waiver in form and substance reasonably satisfactory to Agent and Borrower Agent.

Person: any individual, corporation, limited liability company, unlimited liability company, partnership, joint venture, joint stock company, land trust, business trust, unincorporated organization, Governmental Authority or other entity.

Plan: any employee benefit plan (as such term is defined in Section 3(3) of ERISA) established by an Obligor or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, an ERISA Affiliate.

Portuguese Subsidiary: Fibope Portuguesa-Filmes Biorientados S.A., a company formed under the laws of Portugal and a wholly-owned Subsidiary of Parent.



Post-Closing Equipment Amortization Amount: with respect to any Availability added to the Borrowing Base based upon the Post-Closing Equipment Formula Amount, as of any date of determination, the aggregate amortization of such amount determined as follows: as of the first day of each month following the month in which such Availability is added to the Borrowing Base, the Post-

Closing Equipment Amortization Amount shall be increased by the applicable percentage referenced below:

<u>Date</u>	<u>Amortization Rate</u>
Months 1 through 12	0.833% per month
Months 13 through 24	1.250% per month
Months 25 through 60	1.667% per month
Commitment Termination Date	